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RUEHBO/AMEMBASSY BOGOTA 3072
RUEHBR/AMEMBASSY BRASILIA 6935
RUEHBU/AMEMBASSY BUENOS AIRES 4178
RUEHCV/AMEMBASSY CARACAS 1478
RUEHPE/AMEMBASSY LIMA 1442
RUEHME/AMEMBASSY MEXICO 1686
RUEHMN/AMEMBASSY MONTEVIDEO 3731
RUEHQT/AMEMBASSY QUITO 4120
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SIPDIS

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STATE FOR WHA/AND LPETRONI
STATE PASS TO USTR FOR BHARMANN
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SUBJECT: THE PEOPLE'S TRADE AGREEMENT: AN ALTERNATIVE MODEL?

REF: LA PAZ 726

¶1. (SBU) Summary: President Morales recently outlined his proposed People's Trade Agreement (reftel) in a highly ideological document that describes an alternative commercial model whose objective is not market liberalization, but "just trade" and protection of the people. Morales explains his concept, lists its ten basic principles, and derides traditional free trade agreements, declaring them a continuation of an ongoing "commercial annexation" of less developed countries by the world's rich nations. The document's strident opposition to broadly accepted principles of international trade calls into question Morales' willingness to negotiate a trade pact of any sort. End summary.

¶2. (U) In a document long on ideology but short on specifics, President Evo Morales recently outlined his proposed People's Trade Agreement (reftel), an alternative model of international trade whose objective is not market liberalization, but "just trade" and protection of the people. He presents the concept as a response to the failure of the neoliberal economic model to generate significant economic growth and says it introduces "cooperation, solidarity... and respect for countries' sovereignty" into the debate over trade. He notes that unlike traditional trade agreements, the proposed pact incorporates as objectives "the preservation of indigenous communities... (and) the strengthening of small producers, microenterprises, and cooperatives." Ultimately, Morales presents the People's Trade Agreement as "a new economic model destined to improve the people's living standards... and promote sustainable, egalitarian, and democratic development."

¶3. (U) Among the ten basic principles of the People's Trade Agreement, Morales includes the following: the limitation and regulation of foreign investors' rights; the encouragement of domestic industrialization and the protection of vulnerable markets; the pledge that basic services will be provided by public, state-regulated enterprises; and the creation of a new model of human relations founded on cooperation instead

of competition. The proposed pact treats trade and investment "not as ends in themselves, but as a means of sustainable economic development" that takes into account differences in countries, peoples, and productive capacity.

¶4. (U) Morales goes on to deride traditional free trade agreements, declaring them a continuation of an ongoing "commercial annexation" of less developed countries by the world's rich nations. He argues that agreements like NAFTA destroy poor signatories' small and medium industries and devastate rural areas, opening domestic markets to wealthy countries' cheap exports and causing millions of people to lose their jobs. Morales asserts that the elimination of trade barriers benefits big business "but makes it impossible for small producers to sell their products," depriving individuals of their livelihoods and destroying traditional ways of life. Finally, Morales decries traditional trade agreements' protection of private investment and alleged nullification of national laws and objects to demands for broad intellectual property rights protection. Traditional free trade agreements, he says, undermine nations' sovereignty and provide "perverse profiles of the commercial plans the United States has" for Latin America.

¶5. (SBU) Comment: The document's strident opposition to broadly accepted principles of international trade calls into question Morales' willingness to negotiate a trade pact of any sort. In rejecting existing commercial models, Morales appears to have espoused a "new" alternative that is long on ideology and wishful thinking but short on specifics. His proposed pact, for example, offers no plan for boosting economic growth or generating the jobs Bolivia so desperately needs. Many observers consider this yet another example of Morales' populism - the tendency to promise everything no matter how unrealistic. End comment.
GREENLEE